

June 22, 2007

Mr. Tom Ferraro, Executive Director
Foodlink, Inc.

939 Exchange Street
Rochester, NY 14608

RE: 22 Flint Street Development Plan

Dear Tom,

Thank you for the opportunity to visit Rochester and learn about your plans for 22 Flint Street. We very much enjoyed spending time with you, Foodlink staff and board members, and touring your facilities. You are a wonderfully passionate and dedicated group that is doing exciting and innovative work.

As we had agreed, the purpose of our work was to conduct an initial review of the site, Foodlink programs that would operate or be affiliated with the site; to understand development activities and plans in the works or under consideration by the City of Rochester for the immediate area that could influence or provide resources for the building's development; and to outline a subsequent scope of work for planning, building rehabilitation and project development overall. We agreed to present a full proposal that includes a project plan, budget and time line. We also agreed to detail the project concept, purpose and key proposed functions at 22 Flint which, based on our visit, meetings and initial research, make the most sense for the location, the city's development plans and your organization.

This letter summarizes our findings from the visit, our understanding of the development opportunity, and our recommendations for moving the project forward.

Findings

On June 4-5, 2007, Karen Karp and Ted Spitzer visited Rochester in order to do an initial review of 22 Flint Street, a warehouse building recently acquired by Foodlink adjacent to the organization's existing complex of warehouse and office buildings. During the visit, the consultant team:

- Met with Foodlink staff and board members
- Toured 22 Flint Street and the Exchange street warehouse and office facilities
- Toured the Freshwise catering operation in neighboring Greece, NY
- Visited Freshlink Farm
- Explored the surrounding neighborhood, including Genesee River park, Corn Hill, the UR campus, and the site of the planned Brooks Landing development

- Met with city and county officials and local developers
- Participated in a reception with community members, city officials, developers, and other invited guests

These activities provided us with a good introduction to the organization's existing activities, your ideas for developing 22 Flint Street, and your development goals and vision. We also reviewed a number of documents provided by Foodlink, including engineering assessments of the building, annual reports, and draft strategic plans.

Building description and condition

22 Flint Street is an approximately 19,000 sf open span warehouse with high ceilings, a small office area and partial mezzanine. The south side of the building has a loading dock that faces Flint Street. The west side borders Foodlink's parking lot and truck access zone. The east side borders an abandoned canal, which then links to the Genesee River trail. A two story brick building is connected to the north side of the warehouse. We were not able to go inside this building, but the exterior suggested a somewhat degraded condition. The next property to the north is the former Sears warehouse building, which is in poor physical condition and appears to be unused.

Across Flint Street is a junk yard and a four story "loft" building.

According to a 1997 engineering report on 22 Flint Street, the building structure appears to be in generally fair condition although the loading docks require attention. The mechanical systems are not in good condition: most areas are unheated, no sprinkler system is evident, the cold storage cooler is not functioning and appears to be in poor condition, and toilet rooms are in need of fixture replacement. Furthermore, the heating and ventilating system is beyond its useful life and needs to be replaced. The report found the electrical systems to be in poor condition, not in compliance with code in some areas, and in need of replacement. Our cursory visual inspection suggests that these deficiencies have not been addressed and perhaps have worsened in the intervening 10 years. In addition, while portions of the roof have reportedly been replaced, sections of the roof are leaking.

A Phase 1 environmental assessment of the site did not find major problems.

Development climate

In terms of general development opportunities, a number of factors have changed recently in Rochester and this area in particular. These include:

- The success of the Corn Hill development several blocks to the north, which is 100% sold or leased.
- The strong demand for downtown housing.

- Improvements to the greenway along the river, which include the development and marketing of a paved trail as a recreational corridor.
- The opening of the pedestrian bridge over the river between the University of Rochester and the west side of the river, and the university's new interest in creating projects and linkages to this area.
- The impending development of Brooks Landing, which will create the first facility for UR students to live on the west side of the river.
- A hotel complex in development at Brooks Landing that will serve UR visitors and bring a new function to the west side of the river.
- The generally good political environment for development.

These factors are generating strong interest in development along the river, with a particular focus on housing. There appears to be optimism that this area will experience a rebirth and significant development opportunities.

At the same time, there are a number of factors which have not changed and which limit the development opportunities in the immediate area of 22 Flint Street, at least in the near future:

- The ongoing presence of the junk yard across the street, the land contamination, and the deteriorated condition of the adjacent loft building.
- The deteriorated condition of the adjacent former Sears warehouse building and uncertainty about its redevelopment.
- The somewhat poor condition of the access points to the greenway, including Flint Street itself, and maintenance of some greenway areas (overgrowth, e.g.) between Flint Street and Brooks Landing.
- The poverty and disinvestment in the neighborhood surrounding the development site.
- The uncertainty about the creation of a new pedestrian bridge over the existing rail trestle that would link UR to the site.

On balance, the changes suggest great optimism for the future but limited immediate opportunities. While the development of 22 Flint Street might accelerate the momentum for additional development in the future, there should be caution not to leapfrog too far in front of other projects. Therefore it is prudent to look at a phased development concept with the potential of laying a strong foundation for future growth.

Foodlink mission and programs

We believe that the redevelopment of 22 Flint Street should be pursued not solely to achieve the highest possible financial return based on development opportunities but in such a way as to support Foodlink's mission. This "mission-based

development" links the organization's mission directly to the program or business opportunities that can be achieved in the facility.

Foodlink's mission is to empower at-risk communities by providing food, nutrition, education, and resources in Central and Western New York. Foodlink's vision is to end hunger, build self-sufficiency, and foster nutritional wellness.

An organization's programs are the extension of its mission. Foodlink's current major programs include:

1. The **food bank**, which has been Foodlink's primary function since its establishment in 1976 and which today provides 550 agencies in a 10 county region with 7.5 million lbs of donated and purchased foods each year.
2. **Freshwise Catering** (formerly the Foodlink Kitchen) currently operates out of a rented commercial kitchen approximately 15 miles from Foodlink headquarters and prepares fresh and nutritious meals for after-school Kids Café programs and Rochester area Summer Meals sites. The kitchen produces approximately 1,500 meals each day although this number could easily rise to 3,000 at the current site with additional food service contracts. Freshwise Catering also functions as a stand-alone catering company.
3. **Freshlink Farm**, a small farm that focuses on hydroponic microgreen and specialty crop production and markets at area farmers' markets, on the farm, and through product utilization by Freshwise Catering. Wholesale deliveries are made utilizing Foodlink's trucks.
4. The **Farmers' Fulfillment Center**, a recent effort to assist farmers in the same 10 county catchment area by utilizing Foodlink's transportation and logistics infrastructure to deliver locally grown foods to regional buyers.
5. **Foodlink Farmers' Market**, a local farmers' market on Washington Square Park in downtown Rochester that supplies the community with fresh, affordable produce while supporting local farmers.
6. **Nutrition education**, which aims to serve children, their families and seniors about healthy eating.

Organizational assets

Foodlink is committed to using its existing assets to bring wealth to the community. These assets can support and reinforce the development program for 22 Flint Street. Principal organizational assets include:

1. Surplus refrigerated, frozen, and dry warehouse space within the 936 Exchange buildings.
2. A fleet to refrigerated trucks, ranging from vans to 52 feet.
3. Inventory software and other IT infrastructure.
4. Entrepreneurial board and management.

5. Significant staff expertise in logistics, farming, food production, and nutrition.
6. Strong reputation within the city, metro region, and state built on a long history of accomplishments.
7. Positive relationships with regional farmers, the food industry, neighborhood and city leaders, and regional governments.

22 Flint Street development goals

Based on our research findings and our understanding of the organization's intent, we have identified three primary development goals for 22 Flint Street. The development should:

1. Further the mission of Foodlink, support its programs, and create job opportunities for area residents.
2. Seek to maximize earned income to support Foodlink.

3. Enhance the surrounding neighborhood and continue to increase the exposure of the organization to the immediate and larger Rochester community.

In evaluating the optimal mix of functions at 22 Flint Street, these three goals should provide guidance for the decision process.

The first development goal will be realized through demonstrating how the building will further Foodlink's mission and support its various programs. Beyond this mission, we heard repeatedly during our visit that Foodlink believes that "the best social welfare program is a job." Hence, the creation of *job opportunities* within 22 Flint Street should be a key development goal. Coincidentally, the creation of job opportunities will also be critical for attracting public investment in the project.

The second development goal, seeking to maximize earned income, will be accomplished by creating the right mix of programs, layout, and physical infrastructure at 22 Flint Street that meet market demand and which can be operated profitably by Foodlink. This goal incorporates the level of investment required by Foodlink to realize the project.

The final development goal, enhancing the surrounding neighborhood, will be accomplished by creating the programmatic mix, management approach, and design that bring tangible benefits to neighborhood residents. These might include jobs to neighborhood residents, entrepreneurship opportunities for small businesses, physical spaces that can be used by the community, improved access to the greenway, educational opportunities, and cultural amenities.

Development program

During the site visit, the following ideas were presented as possible programmatic functions for 22 Flint Street. Each of these supports the mission and, to various extents, Foodlink's existing programs:

1. **Catering kitchen.** Relocating the production kitchen to a new and larger facility adjacent to Foodlink's core operations was presented as the most pressing need. Foodlink leadership feels that demand for catered meals could easily reach 8,000 meals per day; the determination of growth potential and the optimal size of this facility needs to be researched and analyzed in greater depth. In addition to its function as a canteen, the catering kitchen can also support on- or off-site catering as well as food service at events (such as at a farmers' market or during events along the riverfront).
2. **Food processing.** Food processing is seen as key to supporting both Foodlink's core and future missions and customer bases. It can provide a critical resource to regional farmers, by helping transform locally grown fresh fruits and vegetables into added value products. Particular processing lines and value added products need to be further explored based on both local supply and regional demand. From our work with the NYC public schools and other clients around New York State and the region, we know first hand the growing demand for these products for the institutional market including schools, hospitals, and jails. Prepared foods created from local farm products and potentially from food bank inventory could increase the accessibility, sustainability and versatility of the products that Foodlink's agencies provide to their customers. One example of this would be taking locally grown fresh vegetables and creating frozen soups that can be delivered to food bank recipient agencies.
3. **Food manufacturing tenants/Kitchen incubator.** Opportunities for Rochester area food entrepreneurs could be created by taking portions of the 22 Flint Street space and renting them to food manufacturing tenants in need of space. These spaces could be scaled to meet the needs of successful home-based food businesses ready to "go professional" by providing licensed, commercial food production space and training services to assist them in growing their businesses. Foodlink could provide these small businesses with refrigerated, frozen and dry storage capacity in its adjacent buildings as well as distribution assistance. This component of the building's programs could be developed and co-run as a shared-use kitchen incubator in partnership with a local university. Rochester is home to several technical colleges that could provide services and resources. The food manufacturing and kitchen incubator programs would help Foodlink further realize its mission for job creation and self-sufficiency.
4. **Demonstration kitchen and education space.** A demonstration kitchen and other education space can be used for a variety of purposes that support Foodlink's mission, including culinary training for employees, culinary and other training for recipient agencies, nutrition education for children and families, particularly those within the neighborhood. A further outgrowth of 22 Flint Street as a training facility could be to create a regional or national center for professional training of food banks, food rescue and other anti-hunger or emergency feeding programs, leveraging Foodlink's innovation in these areas.
5. **Event space.** Event or other public function spaces could be created within the building, particularly on upper levels. These spaces could be used in a variety of

ways, such as community meals, private functions or parties, or educational activities. Freshwise Catering could be the exclusive caterer for these events, thereby generating additional revenue. Unlike the manufacturing or food preparation uses, this activity would be particularly useful for increasing exposure of the organization. Creating the event space on the roof or creating upper levels potentially provides downtown and river views.

6. **Food service.** A range of food service ideas have been suggested, ranging from a full service restaurant to a cart or carts that can travel between the Foodlink campus, area farmers' markets, and nearby parks selling drinks, meals or snacks. Ideally, healthy snacks can be created in the catering kitchen and served through the cart program. A more "full service" restaurant or café concept could evolve in coordination with other river-front developments but is not seen as a feasible first stage development. Following additional analysis, building planning could include future expansion in this area.
7. **Retail store.** Various types of retail operations have been discussed, from a retail store featuring foods grown or produced in the region to an open-air organic farmers' market on the Foodlink parking lot. The location of the facility and the potential conflicts (operationally and from the pedestrian/vehicle perspective) with other high priority uses suggest that this is not an ideal site for retail activities. However, other innovative models could be explored, such as a buying club that permits neighborhood residents to purchase fresh foods during a limited number of hours or a community-supported agriculture (CSA) hub that aggregates fresh foods from area farmers and uses Foodlink as a pick-up location, sold perhaps in combination with prepared foods from the processing or incubator kitchen
8. **Housing.** Demand for downtown housing and recent successful loft conversion projects are driving the discussion for having housing as part of the redevelopment.
9. **Museum.** A museum on Rochester's role in the Underground Railroad has been discussed as a possible community use.

Of these nine program possibilities, the first four seem to have the highest potential for meeting Foodlink's mission and serving its existing programs, with the catering kitchen and food processing concepts the most compelling.

Design considerations

22 Flint Street presents a range of design opportunities and constraints. Particularly worth exploring is the creation of a geothermal energy system, linked to the Genesee River, that can generate power for the entire Foodlink campus. This idea was implemented in the Corn Hill development is reported to have greatly lowered energy costs. Another design opportunity is to explore green building technologies, particularly the creation of a green roof.

Although outside the current property boundary, the vacant space between the warehouse and the canal offers potential opportunity to expand the building footprint. Given the building's somewhat degraded condition, the question of replacing the warehouse with a new building should be explored. In addition to the need to replace or improve a variety of building systems, the current layout might not be most conducive to the proposed uses. In particular, the only loading dock now faces Flint Street. It might be preferable to have access from the Foodlink parking lot and create a very different façade. There might also be opportunities to make the building taller, with event spaces or even housing on upper levels that have a downtown and river view. A different façade on the canal side might open up possibilities for restaurant or food service toward the park, perhaps in conjunction with a recreation-related operation run by another community organization, such as canoe or bike rentals.

In general, the idea of creating housing and a community use such as a museum seem best for the vacant four story building on Exchange Street. This building is more easily accessible for the public, limits potential conflicts with trucks, seems to have fewer environmental constraints, and is more tied into the residential side of the community

Next steps

We suggest the following next steps to create a development program and business plan for 22 Flint Street. While presented as separate and distinct tasks, our approach would be iterative, since programming, design and finance all influence each other.

1. **Refine and test the development program.** The program ideas that are described above need to be further refined and tested, so as to determine square footage requirements and equipment needs. We would project the through-put volumes required for each of the program elements, including the catering kitchen, food processing, and events space. The development program ideas need to be analyzed compared to the development goals (if accepted) and the highest potential options identified.
2. **Analysis of existing assets.** While a general description of the existing assets are provided above, a more detailed analysis needs to be undertaken to understand how they might support the development program. This analysis would include the availability of refrigerated and freezer space during different months, the effective buying power of the organization and how that might influence the business opportunities, the IT infrastructure and capabilities, and product distribution functions.
3. **Design plan.** Based on the refined development program, design concepts will be created for the building which explores layout, circulation, parking, green development opportunities, product flow and relationship to the Foodlink campus, the neighborhood, and the riverfront/park. This analysis will include exploring the pros and cons of retrofitting the existing shell or building a new facility, as well as design trade offs with the different programmatic ideas.

4. **Engineering opportunities.** A variety of engineering options will be explored, including reuse of existing building systems as well as sustainability concepts such as geothermal energy and green design.
5. **Financial modeling.** Initial cost estimates for development of the preferred concepts will be created. Cost trade offs will be explored. Income scenarios for the preferred program ideas will be created. A financial pro forma will be created for the building's operation, exploring how the various program concepts will impact the cost of operations. Up to three different design/development scenarios will be created for review by the board.
6. **Development phasing.** The potential for phasing of development will be explored, including the cost implications for providing the foundation for future additional development.
7. **Financing opportunities.** A range of financing opportunities will be explored, including but not limited to funds from the local IDA, NYSERDA, City of Rochester, State of NY, federal government (such as HUD and USDA), as well as private sources of capital.
8. **Developer partners/scenarios.** Various methods for developing the project, including potential participation by private developers, will be explored.

Concurrent with this business planning effort, Foodlink needs to address the legal issues arising from its current structure of nonprofit and for-profit governance. These could impact the recommendation for the optimal development program.

Karp Resources and Market Ventures, Inc. look forward to continuing our work on this exciting project. Once you review this report and we discuss the proposed development approach, we would glad to provide you a proposal to undertake the development and business planning scope of work. We will expand our team to include architectural and engineering services so the program, design, and financial modeling all work closely together.

Please let us know if you have any questions.

Karen Karp Ted Spitzer

Karp Resources Market Ventures, Inc.